

Message Text

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ACTION IO-11

INFO OCT-01 EUR-12 ISO-00 IOE-00 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 8036

INFO USMISSION USUN NEW YORK

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UNCLAS SECTION 1 OF 2 VIENNA 2114

EO 11652: NA

TAGS: UNIDO, PORG, PFOR, EIND

SUBJECT: UNIDO SYSTEM OF CONSULTATIONS IN THE FIELD OF INDUSTRY

REF: VIENNA 1159

1. UNIDO SECRETARIAT HAS INFORMALLY MADE AVAILABLE SINGLE ADVANCE COPY OF DOCUMENT ENTITLED "PROPOSALS FOR ESTABLISHING A SYSTEM OF CONSULTATIONS IN THE FIELD OF INDUSTRY" INTENDED FOR CONSIDERATION AND ACTION BY IDB-X. (SECRETARY OF IDB MANECK FEELS SUBJECT MAY BE OPENED UP IN PRECEDING PERMANENT COMMITTEE SESSION UNDER AGENDA ITEM 4). DOCUMENT, WHKCH RUNS TO 44 PAGES, LAYS OUT SECRETARIAT VIEWS ON OBJECTIVES AND SCOPE OF A SYSTEM OF PERMANENT AND CONTINUING CONSULTATIONS AND PROPOSALS CONCERNING INSTITUTIONAL ARRANGEMENTS, INCLUDING DRAFT TERMS OF REFERENCE FOR THE PRINCIPAL ORGANS PROPOSED TO BE ESTABLISHED TOGETHER WITH DRAFT RULES OF PROCEDURE

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FOR A PERMANENT COMMISSION INTENDED TO TOP OFF THE

INSTITUTIONAL STRUCTURE. DOCUMENT EXPECTED TO BE
CIRCULATED OFFICIALLY O/A MARCH 23.

2. FOLLOWING ARE HIGHLIGHTS OF SECRETARIAT PAPER
WHICH MAY BE HELPFUL IN PREPARING POSITION PAPER ON
THIS MATTER;

3. OBJECTIVES OF THE SYSTEM OF CONSULTATIONS: THESE
ARE DESCRIBED ALONG THE FAMILIAR LINES OF THE LIMA
DECLARATION PARAS 61 (D), 59 (C) AND SS-7 RESOLUTION 3362.
CONSULTATIONS WILL PROVIDE A FORUM TO "FACILITATE THE
REACHING OF CONCLUSIONS THAT INDUCE SUBSEQUENT
NEGOTIATIONS AND DECISIONS TO IMPLEMENT THE CONCERTED
ACTION REQUIRED," INTER ALIA, (A) TO BRING ABOUT A
NEW DISTRIBUTION OF INDUSTRIAL ACTIVITIES TO THE WORLD
AND (B) TO RAISE THE LDC SHARE OF TOTAL WORLD INDUSTRIAL
PRODUCTION TO AT LEAST 25 PERCENT BY THE YEAR 2000.

4. SCOPE OF THE SYSTEM OF CONSULTATIONS: THE SYSTEM
OF CONSULTATIONS IS ENVISAGED AS "AN INTEGRATED SYSTEM"
WHICH "STIMULATES AND COORDINATES CONCERTED ACTION AT
THE NATIONAL, REGIONAL, INTERREGIONAL AND GLOBAL LEVELS
THAT IS NEEDED TO ACHIEVE THE AGREED RESTRUCTURING OF
WORLD INDUSTRY". AT THE GLOBAL LEVEL THE CONSULTATIONS
WOULD (A) CONSIDER WHETHER EACH SECTOR OF INDUSTRY IS
MAKING AN ADEQUATE CONTRIBUTION TO THE NEW DISTRIBUTION
OF WORLD INDUSTRY; (B) EXAMINE THE POSSIBLE CONTRIBUTION
OF REDEPLOYMENT AND SUGGEST THE BEST MEANS TO ACHIEVE
THIS GOAL; (C) IDENTIFY THE OBSTACLES AND PROBLEMS
WHICH LDC'S FACE IN ACCELERATING THEIR INDUSTRIAL
DEVELOPMENT; (D) PROMOTE NEW FORMS OF INTERREGIONAL
COOPERATION RELATED TO TECHNOLOGY, EQUIPMENT, FINANCING,
INFRASTRUCTURE, MANPOWER SKILLS AND ACCESS TO MARKETS.
AT THE SECTORAL LEVEL THE CONSULTATIONS WOULD DISCUSS AND
AGREE ON (A) THE CONTRIBUTION WHICH THE SECTOR IN QUESTION
COULD MAKE TOWARD A NEW GLOBAL DISTRIBUTION OF INDUSTRIAL
ACTIVITIES; (B) THE GLOBAL DISTRIBUTION OF INDUSTRIAL
ACTIVITIES; (B) SPECIFIC CONDITIONS RELATING TO FINANCING,
TECHNOLOGY AND EQUIPMENT, INFRASTRUCTURE AND TRADE NEEDED
TO REALIZE THESE CONTRIBUTIONS AND (C) THE NEW FORMS OF
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COOPERATION TO IMPLEMENT THESE REQUIREMENTS.

CONSULTATIONS ARE EXPECTED TO REACH DETAILED
CONCLUSIONS WHICH WOULD PROVIDE THE AGREED FRAMEWORK WITHIN
WHICH THE SUBSEQUENT NEGOTIATION OF CONTRACTUAL
AGREEMENTS BETWEEN INTERESTED PARTIES COULD TAKE PLACE.
SPECIFIC AGREEMENTS COULD BE NEGOTIATED AT THE INTER-
GOVERNMENTAL LEVEL OR AT THE LEVEL OF INDUSTRIAL ENTERPRISES

AND ORGANIZATIONS WITHIN THE FRAMEWORK AGREED AMONG GOVERNMENTS. AT THE INTER-GOVERNMENTAL LEVEL AGREEMENTS COULD RELATE TO (A) AN OVERALL FRAMEWORK FOR INDUSTRIAL, TECHNOLOGICAL AND SCIENTIFIC COOPERATION; (B) GUARANTEED SUPPLIES OF RAW MATERIALS AND MARKET ACCESS FOR SEMI-PROCESSED AND MANUFACTURED GOODS PRODUCED IN DEVELOPING COUNTRIES AND (C) THE PROVISION BY GOVERNMENTS OF FINANCIAL RESOURCES AND/OR GUARANTEES REQUIRED FOR FINANCING NEW INDUSTRIAL PLANTS IN LDC'S. AT THE LEVEL OF INDUSTRIAL ENTERPRISES AGREEMENTS COULD RELATE TO (A) FINANCIAL AND TECHNICAL COOPERATION NEEDED TO ESTABLISH SPECIFIC INDUSTRIAL PLANTS IN DEVELOPING COUNTRIES; (B) OTHER ARRANGEMENTS FOR INDUSTRIAL COOPERATION SUCH AS SUBCONTRACTING; ((C) ARRANGEMENTS FOR TRANSFERRING CERTAIN PRODUCTION CAPACITIES FROM DEVELOPED TO DEVELOPING COUNTRIES. SECTORAL LEVEL CONSULTATIONS ARE CONSIDERED MOST LIKELY TO MAKE SPECIFIC CONTRIBUTIONS TO ACHIEVING A NEW GLOBAL DISTRIBUTION OF INDUSTRIAL ACTIVITIES. SUCH CONSULTATIONS MIGHT COVER THE FOLLOWING SUBJECTS: (A) THE PRESENT GLOBAL STRUCTURE OF PRODUCTION AND TRADE, INCLUDING THE FACTORS WHICH DETERMINE THE DEVELOPING COUNTRIES' LOW SHARE; (B) AN ASSESSMENT OF GLOBAL TRENDS OF FUTURE DEMAND AND SUPPLY OF THE PRODUCTS CONCERNED; (C) TARGET LEVELS OF PRODUCTION WHICH LDC'S MIGHT AIM TO ACHIEVE BY 1980, 1990 AND 2000; (D) THE BASIC REQUIREMENTS OF THE MANUFACTURING PROCESS AS REGARDS INFRASTRUCTURE, ENERGY, RAW MATERIALS, MANPOWER SKILLS, ETC.; (E) THE APPROPRIATE TECHNOLOGY TO BE USED IN ESTABLISHING NEW PLANTS IN LDC'S; (F) THE AVAILABILITY AND COST OF FACTORS WHICH FAVOR LOCATION IN LDC'S (G) OPPORTUNITIES FOR INCREASED PROCESSING OF RAW MATERIALS IN LDC'S (H) OPPORTUNITIES FOR AND LIMITS

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TO REDEPLOYMENT; (I) THE CONDITIONS OF INVESTMENT IN LDC'S.

BROAD AGREEMENT MIGHT BE REACHED ON SUCH MATTERS AS (A) THE MARKETS TO BE SUPPLIED BY PRODUCTS MANUFACTURED IN LDC'S AND LONG-TERM AGREEMENTS NEEDED TO ACHIEVE AGREED TARGET LEVELS OF PRODUCTION IN DEVELOPING COUNTRIES; (B) THE NUMBER AND SIZE OF NEW INDUSTRIAL PLANTS THAT NEED TO BE ESTABLISHED IN LDC'S (C) THE POLICY IMPLICATIONS FOR DEVELOPED AND DEVELOPING COUNTRIES IF AGREED TARGET LEVELS OF PRODUCTION IN DEVELOPING COUNTRIES ARE TO BE MET.

GLOBAL CONSULTATIONS SHOULD PRODUCE AGREEMENT
ON (A) MEASURES TO ENSURE AN APPROPRIATE CONTRIBUTION
FROM EACH SECTOR OF INDUSTRY AND FROM EACH REGION IF
THE 25 PERCENT YEAR 2000 TARGET IS TO BE MET;
(B) WAYS TO OVERCOME OBSTACLES AND PROBLEMS WHICH LDC'S
FACE IN ACHIEVING A NEW DISTRIBUTION OF WORLD INDUSTRY;
(C) THE SCOPE AND NATURE OF CONCERTED NATIONAL AND
INTERNATIONAL ACTION REQUIRED IN RESPECT OF FINANCING,

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ACTION IO-11

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INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05

CIEP-02 SS-15 STR-04 ITC-01 TRSE-00 USIA-15 PRS-01

SP-02 FEAE-00 OMB-01 AF-06 ARA-10 EA-09 NEA-10 XMB-04

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TECHNOLOGY AND EQUIPMENT, MANPOWER SKILLS AND
ACCESS TO MARKETS.

6. INSTITUTIONAL ARRANGEMENTS: PROPOSED INSTITUTIONAL
ARRANGEMENTS CALL FOR THE FOLLOWING FOUR MAIN
ORGANIZATIONAL COMPONENTS: (A) PERMANENT INDUSTRIAL
SECTOR COMMITTEES; (B) A PERMANENT COMMISSION;
(C) REGIONAL COMMITTEES ESTABLISHED BY REGIONAL
MINISTERIAL CONFERENCES OF DEVELOPING COUNTRIES;
(D) AD HOC COMMITTEES AT THE INTERREGIONAL LEVEL.

AS FOR THE PERMANENT INDUSTRIAL SECTOR COMMITTEES, IN CONTRAST TO THE MANNER IN WHICH SYMPOSIA AND TECHNICAL MEETINGS HAVE PREVIOUSLY BEEN ORGANIZED BY UNIDO (AT THE LEVEL OF EXPERTS AND TECHNICIANS) THE INDUSTRIAL SECTOR COMMITTEES WOULD BE ORGANIZED AT THE INTER-GOVERNMENTAL LEVEL. DRAFT TERMS OF REFERENCE FOR THE SECTORAL COMMITTEES INCLUDE THE FOLLOWING: (A) TO CONSIDER THE OPTIMUM ALLOCATION AT THE WORLD UNCLASSIFIED

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LEVEL OF PRODUCTION CAPACITIES IN THE SECTORAL INDUSTRY; (B) TO ESTABLISH AN AGREED TARGET LEVEL OF PRODUCTION IN THE DEVELOPING COUNTRIES; (C) TO EXAMINE THE POSSIBLE REDEPLOYMENT OF CERTAIN PRODUCTION CAPACITIES FROM DEVELOPED TO DEVELOPING COUNTRIES; (D) TO DETERMINE THE NUMBER AND SIZE OF NEW INDUSTRIAL PLANTS WHICH SHOULD BE ESTABLISHED TO ACHIEVE THE AGREED TARGET LEVEL OF PRODUCTION IN DEVELOPING COUNTRIES; (E) TO DISCUSS THE MARKETS TO BE SUPPLIED BY THOSE PLANTS AND TO ENCOURAGE THE NEGOTIATION OF APPROPRIATE LONG-TERM AGREEMENTS. SECTORAL CONSULTATIONS AT THE INTER-GOVERNMENTAL LEVEL WOULD BE PRECEDED BY MEETINGS OF TECHNICAL WORKING GROUPS CONSISTING OF SECTORAL EXPERTS APPOINTED BY GOVERNMENTS PLUS OTHER EXPERTS CHOSEN BY UNIDO. THE POSSIBILITY OF INCLUDING REPRESENTATIVES FROM THE PRIVATE SECTOR ON TECHNICAL WORKING GROUPS OR IN SECTORAL CONSULTATIONS IS DESCRIBED AS "AN ISSUE THAT HAS TO BE DECIDED." SINCE SECTORAL CONSULTATIONS WILL NOT ALWAYS LEAD TO AGREED CONCLUSIONS IT IS PROPOSED THAT PROCEDURES BE ESTABLISHED UNDER WHICH UNRESOLVED ISSUES WOULD BE REFERRED TO THE PERMANENT COMMISSION FOR "CONCILIATION." TO BEGIN WITH, PERMANENT INDUSTRIAL SECTORAL COMMITTEES ARE PROPOSED FOR IRON AND STEEL, THE CHEMICAL INDUSTRIES AND AGRO-BASED INDUSTRIES.

THE PERMANENT COMMISSION, WHICH IS VIEWED AS THE CAPSTONE OF THE PROPOSED MACHINERY FOR CONSULTATIONS, WOULD BE LIMITED IN NUMBER (15-25) WITH MEMBERS REPRESENTING AND SPEAKING FOR GEOGRAPHIC GROUPS OF COUNTRIES. UNDER ITS PROPOSED TERMS OF REFERENCE THE PERMANENT COMMISSION WOULD, INTER ALIA, (A) FOLLOW AND FACILITATE INTER-GOVERNMENTAL CONSULTATIONS AT THE SECTORAL, REGIONAL AND INTERREGIONAL LEVELS IN ORDER TO PROMOTE AND ENCOURAGE THE CONCLUSION OF INTERNATIONAL AGREEMENTS RELATING TO SPECIFIC SECTORS OF INDUSTRY; (B) CONSIDER ISSUES REFERRED TO IT BY THE PERMANENT SECTORAL COMMITTEES FOR CONCILIATION; (C) CONSIDER IN WHICH SECTORS OF INDUSTRY INCREASED PARTICIPATION BY THE LDC'S WOULD BE MUTUALLY ADVANTAGEOUS; (D) MAKE PROPOSALS FOR CHANGES IN THE POLICIES OF DEVELOPED AND DEVELOPING COUNTRIES AIMED AT FACILITATING AND ENCOURAGING

REDEPLOYMENT; (E) SUBMIT PERIODIC REPORTS TO THE IDB
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THROUGH THE EXECUTIVE DIRECTOR. THE PROPOSED RULES OF PROCEDURE FOR THE PERMANENT COMMISSION REPRODUCE (IN 14 PAGES) TO A LARGE EXTENT THE RULES OF PROCEDURE FOR THE INDUSTRIAL DEVELOPMENT BOARD WITH A NUMBER OF CHANGES, THE MORE NOTABLE OF WHICH ARE THOSE RELATING TO VOTING (ALL DECISIONS OF THE PERMANENT COMMISSION ARE TO BE BY CONSENSUS WHICH IS DEFINED AS HAVING BEEN REACHED WHEN THE CHAIR HAS ESTABLISHED THAT NO MEMBER DELEGATION HAS MADE ANY OBJECTION) AND THE INTRODUCTION OF THE CONCILIATION PROCEDURES REFERRED TO ABOVE.

7. COMMENT: LATE APPEARANCE OF THIS LENGTHY PAPER MAY MAKE IT IMPOSSIBLE FOR IDB TO CONSIDER IT IN DETAIL AT IDB-X. HOWEVER, WE HAVE NO INDICATION AS YET OF POSSIBLE DELEGATION REACTIONS TO THIS SITUATION. QUESTION MAY BE DISCUSSED BY GROUP B AT MEETING SCHEDULED FOR MARCH 19. CONTENT OF PAPER CONTINUES TO FACE US WITH OBJECTIONABLE CONCEPTUAL APPROACH TO CONSULTATIONS WITH RESPECT TO WHICH U.S. HAS ALREADY REGISTERED ITS RESERVATIONS AND WHICH MAY MAKE DIFFICULT U.S. PARTICIPATION IN INTER-GOVERNMENTAL DISCUSSIONS BASED ON NOTIONS REFLECTED IN THE SECRETARIAT DOCUMENT. IN ADDITION, THE COMPLEX INSTITUTIONAL ARRANGEMENTS PROPOSED POTENTIALLY ADD ENORMOUSLY TO THE PERMANENT INTER-GOVERNMENTAL CONFERENCE MACHINERY OF UNIDO AND MAY WELL REQUIRE SUBSTANTIAL ADDITIONS TO THE SECRETARIAT. AT THIS STAGE WE HAVE NO INFORMATION ON POTENTIAL FINANCIAL IMPLICATIONS FOR UNIDO'S BUDGET, ALTHOUGH WE ARE TOLD THAT THE SECRETARIAT IS WORKING ON THIS. PROBLEM OF AVOIDING ESTABLISHMENT AT THIS TIME OF COMPLEX INSTITUTIONAL MACHINERY ENVISAGED BY THE SECRETARIAT MIGHT BE MET BY TAKING THE LINE THAT THE POSSIBILITIES FOR USEFUL INTER-GOVERNMENTAL EXCHANGES OF VIEWS (CONSULTATIONS) ON THE FUTURE PROSPECTS IN RESPECT OF PARTICULAR INDUSTRIAL SECTORS SHOULD FIRST BE TESTED THROUGH ONE OR TWO PILOT-TYPE MEETINGS BEFORE TAKING BROAD DECISIONS TO CREATE EXTENSIVE NEW MACHINERY. HOWEVER, EVEN IN THIS APPROACH PROBLEM WOULD REMAIN OF DEFINING PURPOSES AND OBJECTIVES OF THE PILOT MEETINGS.

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8. MISSION WILL AIR MAIL SECRETARIAT DOCUMENT
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